

AN ACT

ENTITLED, An Act to revise certain provisions relating to farm mutual insurers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 58-3-3.4 be amended to read as follows:

58-3-3.4. The provisions of §§ 58-3-3.1 to 58-3-3.3, inclusive, 58-3-7.4, and 58-3-11 do not apply to farm mutual insurers subject to chapter 58-35 unless the farm mutual wrote premiums in excess of one million dollars in the prior calendar year.

Section 2. That § 58-35-18 be amended to read as follows:

58-35-18. Upon application, the director shall issue such a certificate of authority to every insurer qualified therefor under this chapter. The certificate of authority shall continue, unless revoked or otherwise terminated.

Section 3. That § 58-35-29 be amended to read as follows:

58-35-29. A farm mutual insurer shall only insure the following described property against loss or damage by fire or other casualty:

- (1) Farm dwellings and buildings, including the usual contents therein, livestock, farm machinery, growing crops, and other forms of farm property;
- (2) Dwellings designed for occupancy by not over two families, including the usual contents thereof, and private structures;
- (3) Churches, schools, and community buildings including the usual contents thereof;
- (4) The usual and customary possessions of the occupants of multi-family dwellings; and
- (5) Personal property used in a solely-owned business activity conducted on the insured premises, including property held for resale if the insured property is covered by reinsurance.

For purposes of this chapter any policy written by a farm mutual insurer is considered a personal

lines policy.

Section 4. That § 58-35-47 be amended to read as follows:

58-35-47. The directors of a farm mutual insurer may invest the insurer's funds or any part of the insurer's funds in any of the following:

- (1) Bonds or other securities issued by the United States government or by any agency or instrumentality of the United States government, or by any United States government-sponsored enterprise;
- (2) Bonds or other obligations the payment of the interest and principal of which is assumed or guaranteed by the United States government or any agency or instrumentality of the United States government, or by any United States government-sponsored enterprise;
- (3) General obligation bonds or warrants of this state or of any other state of the United States, or of any of the political subdivisions or other taxing districts of this state or any other state;
- (4) Certificates of deposit in any bank wherein the deposits are insured by the federal deposit insurance corporation up to the amount to which such insurance protection applies;
- (5) Shares or savings accounts of savings and loan and building and loan associations to the extent that such an account is insured by the federal savings and loan insurance corporation;
- (6) When authorized by a majority vote of its members present at a duly called and held meeting of members, and with the consent of the director, in a home office building and the land on which such building is situated;
- (7) With the approval of the director of the Division of Insurance, in the preferred stock of any solvent corporation existing under the laws of the United States of America, or any state of the United States and in the common stock of any other solvent insurer;

- (8) Bonds, notes, or other obligations issued by any federal land bank, federal intermediate credit bank, bank for cooperatives, or any or all of the federal farm credit banks;
- (9) With the approval of the director of the Division of Insurance, in mutual funds, if the underlying investments held in the portfolio of the mutual fund are investments in the common stock of any solvent public utility or investments otherwise permitted by this section and the investment in mutual funds does not exceed the lesser of ten percent of admitted assets or one-half of surplus;
- (10) Money market funds which would qualify as an investment pursuant to § 58-27-101;
- (11) With the approval of the director of the Division of Insurance, in an insurance agency;
- (12) Investments set forth in § 58-27-103 if the aggregate value of the investments pursuant to that section do not exceed ten percent of the farm mutual's total admitted assets and do not exceed the limitation set forth in § 58-27-53.

Section 5. That § 58-35-54 be amended to read as follows:

58-35-54. The president and secretary of every insurer, on or before the first day of March of each year, shall prepare, affirm under oath, affix the corporate seal thereto, and file with the director, on forms furnished by the director, an annual statement as of December thirty-first of the preceding calendar year including:

- (1) The names of the president and secretary;
- (2) The date of the annual meeting;
- (3) The amount of insurance in force;
- (4) The number of members;
- (5) The number of assessments made during the year;
- (6) The amount paid in losses during the year;
- (7) The amount of the losses claimed and not paid, with the reason for nonpayment;

- (8) The number of members cancelled or nonrenewed during the year;
- (9) The number of new members admitted during the year;
- (10) The expenses during the year;
- (11) The amount of money on hand;
- (12) The amount and character of the insurer's assets;
- (13) The amount of the insurer's liabilities; and
- (14) Such other information as the director may require.

Section 6. That § 58-35-34 be repealed.

Section 7. That § 58-35-51 be repealed.

Section 8. That § 58-35-52 be repealed.

Section 9. That § 58-35-53 be repealed.

An Act to revise certain provisions relating to farm mutual insurers.

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I certify that the attached Act  
originated in the

SENATE as Bill No. 130

\_\_\_\_\_  
Secretary of the Senate  
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\_\_\_\_\_  
President of the Senate

Attest:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Speaker of the House

Attest:

\_\_\_\_\_  
Chief Clerk

Senate Bill No. 130

File No. \_\_\_\_\_

Chapter No. \_\_\_\_\_

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Received at this Executive Office  
this \_\_\_\_\_ day of \_\_\_\_\_ ,

20\_\_\_\_ at \_\_\_\_\_ M.

By \_\_\_\_\_  
for the Governor  
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The attached Act is hereby  
approved this \_\_\_\_\_ day of  
\_\_\_\_\_, A.D., 20\_\_\_\_

\_\_\_\_\_  
Governor  
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STATE OF SOUTH DAKOTA,  
ss.  
Office of the Secretary of State

Filed \_\_\_\_\_, 20\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Secretary of State

By \_\_\_\_\_  
Asst. Secretary of State